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IN THE

Supreme Court of the United States

October Term, 1955

No. 384

FRANK A. PACHMAYR and FRANK A. PACHMAYR doing business under the fictitious name and style of PACHMAYR GUN WORKS,

Petitioner,

vs.

MERSHON COMPANY, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI.

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Respondent.

PETITION FOR WRIT OF CERTIORARI.

To the Honorable the Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

Your petitioner, Frank A. Pachmayr and Frank A. Pachmayr doing business under the fictitious name and style of Pachmayr Gun Works, defendant and appellee in the courts below, respectfully prays for a writ of certiorari to the United States Court of Appeals for the Ninth Circuit to review the judgment entered by that court on March 14, 1955.

Opinions and Decisions of the Courts Below.

The opinion and decision of the Court of Appeals is reported officially in 220 F. 2d 759; and the same is appended to this petition (Appendix 1); the opinion of District Judge Ben Harrison appears in the Transcript of Record [R. 48-49].

Concise Statement of the Grounds on Which the Jurisdiction of This Court Is Invoked.

The opinion of the Court of Appeals was rendered on March 14, 1955, and the judgment of the Court of Appeals, pursuant thereto, was entered on the same day [R. 259]. A petition for rehearing was filed in due time and was denied by the Court of Appeals on June 15, 1955.

Jurisdiction of this Court to review the judgment of the Court of Appeals by certiorari is conferred by Sections 1254(1) and 2101, Title 28, United States Code Annotated, and by Rule 19 of the Revised Rules of this Court.

Decisions of this Court believed to sustain this jurisdiction are as follows:

Armstrong Paint & Varnish Co. v. Nu-Enamel Corp., 305 U. S. 315, 59 S. Ct. 191;

Kellogg Co. v. National Biscuit Company, 305 U. S. 111, 59 S. Ct. 109;

United States v. Munsingwear, Inc., 340 U. S. 36, 71 S. Ct. 104.

Questions Presented for Review.

1. When one manufacturer of sporting goods uses a white line of material in his product, as a part of a composite trademark consisting of the words "white line" and the white line of material, is another manufacturer of a similar product who also uses a white line of material, but distinctly shows the differing source of origin of his product, guilty of unfair competition?

2. May the owner of a composite trademark consisting of the words "white line" and a white line of material around an unpatented product, monopolize the color white, under the trademark law?

3. Has the United States Court of Appeals for the Ninth Circuit decided a question involving the doctrine of *res judicata* in a manner contrary to the applicable decisions of the California courts?

4. Under Rule 52(a) of the Federal Rules of Civil Procedure, may the Court of Appeals disregard findings of the trial court which are supported by substantial evidence, and, in a trademark infringement and unfair competition case, substitute its own conclusions concerning the likelihood of public deception and degree of similarity between competing products?

Statement of the Case.

The controversy between Mershon and Pachmayr involves several years of litigation, commencing with an action in the Superior Court of the State of California.

The pertinent facts and proceedings are as follows:

I.

Prior to the commencement by Mershon of the action in the California Superior Court in October, 1946, Pachmayr for some period of time in his own business and in connection with others had produced gun recoil pads containing a white line of laminated material around the base [R. 159, 164, 165]. Mershon and Pachmayr thereafter became jointly interested in a corporation under the name "FRANK A. PACHMAYR CORPORATION," which corporation produced gun recoil pads.

In 1936 Pachmayr resigned from the corporation [R. 97] and entered into an agreement [Ex. H] with the corporation which required Pachmayr to refrain from engaging in a competing business for approximately 30 months, but did not prohibit the use after the end of said period of the white line around gun recoil pads to be manufactured by Pachmayr [R. 161].

II.

In September, 1945, Pachmayr again commenced making gun recoil pads with the white line around the base thereof. Thereafter Mershon complained to Pachmayr regarding the use of the white layer of material and threatened to sue.

It was orally agreed between the parties that if Pachmayr would stop the use of the white line of material, Mershon would not sue Pachmayr. At no time did Pachmayr ever use the words "white line" in connection with the white line of material.

III.

In October, 1946, Mershon commenced an action in the California Superior Court for unfair competition, common law trademark infringement and for an injunction, alleging that Pachmayr had wrongfully appropriated the use of the white line on his gun recoil pads. The suit was tried in the Superior Court, which, at the conclusion of the trial, made Findings of Fact, among others as follows:

(a) That during the nine years preceding the filing of the complaint on October 21, 1946, Mershon had been advertising and selling a certain rubber and composition recoil pad for attachment and use on stocks of guns, said recoil pad having at all times had a stratum or layer of white material which presented the appearance of a white line along the exterior edge completely around said recoil pad [R. 52].

(b) In effect, that other persons besides Mershon and Pachmayr had previously sold a recoil pad with a white line running through or around it.

(c) That the gun recoil pads sold and advertised by Mershon had not become universally known as "white line" recoil pads.

(d) That between September, 1945, and April 17, 1946, Pachmayr sold and advertised recoil pads of the same general type as those sold by Mershon [R. 53].

(e) That Pachmayr did not at any time advertise or sell "white line" recoil pads under any false representa-

tions and that no act of Pachmayr deceived or tended to deceive any actual or prospective customer of Mershon.

(f) That although the pads of Pachmayr were similar in shape and dimension, the similarity was occasioned by and did not extend beyond that necessitated by the nature of the product [R. 53].

That Pachmayr at all times acted in good faith and at no time attempted to or did capitalize upon any good will or reputation of Mershon or attempt to pass off or actually pass off his recoil pads as those of Mershon.

That the pads of Mershon had not became so generally known that any recoil pad with the white line would be thought to be a product of Mershon.

That the manufacture, exploitation and sale of recoil pads by Pachmayr, with or without the white line, did not deceive nor have any reasonable tendency to deceive the public or customers or prospective customers of Mershon; that in all advertising and exploitation of his recoil pads, Pachmayr represented and publicized that he was the manufacturer thereof and clearly negatived any connection or association between his recoil pads and those of Mershon; that the recoil pads manufactured by Mershon contained the words "white line"; that those of Pachmayr did not contain such words but contained the word "Pachmayr" and on their face were readily distinguishable from the product sold by Mershon [R. 55; see also R. 240-244].

(g) That Mershon and Pachmayr had verbally agreed that if Pachmayr would cease manufacturing a recoil pad with a white line therein Mershon would take no further action against Pachmayr and that pursuant to said verbal agreement Pachmayr within a reasonable time and prior to the commencement of the Superior Court action ceased the manufacture of gun recoil pads with a white line [R. 243].

Mershon then appealed to the District Court of Appeal, Second Appellate District of California. The opinion and decision of the District Court of Appeal is found in 88 Cal. App. 2d 905, 199 P. 2d 687, affirming the judgment of the California Superior Court.

(i) At the conclusion of the foregoing California litigation Pachmayr resumed the manufacture of gun recoil pads having a white line or lamination interposed between different colored lines or laminations.

IV.

On March 6, 1950, Mershon filed in the United States District Court, for the Southern District of California, its First Amended Complaint for trademark infringement, unfair competition and for antitrust law violation, alleging therein that Mershon owned a Federal Registered Trademark [R. 233; Ex. 5], obtained since the conclusion of the California Superior Court action and consisting of the words "white line" and symbol comparing a white circular line encircling the base of the recoil pad. This complaint contains three causes of action, the first being

for trademark infringement, the second for unfair competition, and a third cause of action for violation of the antitrust laws, which latter cause of action was dismissed by Mershon at the trial [R. 225]. Pachmayr by his answer admitted the use of the white circular line of material [R. 16], but the evidence showed that he had never used the words "white line" on his gun recoil pads. The evidence introduced at the trial, and stipulated to by counsel, demonstrated that at least four (4) other manufacturers had produced pads with white lines for a considerable period of time.

The District Court after hearing the evidence gave judgment for Pachmayr [R. 62], and on January 4, 1952, denied Mershon's motion for a new trial [R. 70, 71]. The Findings of Fact and Conclusions of Law made by the trial court need not be summarized here. They are found commencing at page 49 of the Transcript of Record.

V.

Thereafter Mershon perfected an appeal to the United States Court of Appeals for the Ninth Circuit, and that Court reversed the trial court decision. The decision is reported in 220 F. 2d 759, and is set forth in Appendix 1.

Reasons Relied Upon for Granting a Writ of Certiorari.

I.

At the present time there is a direct conflict between the decision of the Court of Appeals in this case and the decision of this Court in *Kellogg v. National Biscuit Company*, 305 U. S. 101, 59 S. Ct. 109, and with the recent decision of the Court of Appeals for the Sixth Circuit in the case of *West Point Manufacturing Company v. Detroit Stamping Company*, 222 F. 2d 581, as to the law of unfair competition. There now exists a basic cleavage in legal philosophy in this field. The group of cases represented by the *Kellogg* and *West Point* decisions permit a manufacturer to copy the basic features of shape, color and design of his competitors' unpatented product, provided he does not create or tend to create confusion as to source of origin. The decision of the Court of Appeals in this case penalizes one who copies any part of another's composite trademark, no matter how careful the second manufacturer may have been to show the differing source of origin; this creates a judge-made monopoly in an unpatented article which is as broad or broader than that granted to inventors under the Patent Laws.

II.

This case raises substantial questions of trademark law concerning the extent to which a manufacturer may use as a part of his product a basic color, such as the color white.

The law at present is in a state of confusion and unless this Court clarifies such confusion by granting this Peti-

tion for a Writ of Certiorari, manufacturers throughout the country will be operating at their peril in the sale, advertising and decoration of their products.

III.

The United States Court of Appeals has rendered a decision which is contrary to the applicable California law on several points of *res judicata,* an important public question in all phases and fields of actual and potential litigation.

IV.

The increasing tendency on the part of Circuit Courts of Appeals in trademark cases, contrary to Rule 52A of the Federal Rules of Civil Procedure to substitute and impose their conclusion and interpretation of the evidence in place and instead of the conclusion of the District Court on the factual questions of confusing similarity and trademark infringement demands limitation and control by this Court.

V.

The granting of this petition for writ of certiorari is also impelled particularly by the vast importance of the matters here involved so far as the manufacturing and retail trades are concerned.

A tendency to grant perpetual monopolies under the guise of trademark and unfair competition protection is something that requires at least a definite, clear and concise system of law, and not the confusion and conflict now existing, for such questions are of utmost importance to the American system of free competition.

ARGUMENT AMPLIFYING REASONS FOR ALLOWANCE OF WRIT OF CERTIORARI.

I.

The Decision of the United States Court of Appeals in This Case Is Also in Conflict With the Decision of This Court in Kellogg Co. v. National Biscuit Company, 305 U. S. 111, 59 S. Ct. 109. And With the Decisions of Other Circuits as to Whether or Not There Was Any Unfair Competition and as to What Constitutes Confusing Similarity Between Goods of Competing Manufacturers.

This Court stated in *Kellogg Co. v. National Biscuit Company, supra,* as follows:

> "Where an article may be manufactured by all, a particular manufacturer can no more assert exclusive rights in a form in which the public has become accustomed to see the article and which, in the minds of the public, is primarily associated with the article rather than a particular producer, than it can in the case of a name with similar connections in the public mind. Kellogg Company was free to use the pillow-shaped form, subject only to the obligation to identify its product lest it be mistaken for that of the plaintiff."

The record in this case is substantially devoid of any evidence indicating confusion despite the last minute efforts of Mershon to obtain evidence of such confusion through employees. The Court of Appeals in any event does not consider this evidence, instead it points to the testimony of Mr. Clark, the owner of a gun shop, wherein under a leading question by the trial court the witness states that because of the necessarily standardized shape

and dimension of the rival products a purchaser would have to look for the name of the manufacturer in order to differentiate the products [R. 221].

The foregoing illustrates the basic confusion of the Court of Appeals in deciding the unfair competition issue based on the above testimony. Such confusion results from the failure of the court to apply the proper tests in connection with the doctrine of confusing similarity. The test is whether or not a reasonably careful purchaser is unable to distinguish the source of a particular article, and not inability on the part of the purchaser to distinguish articles because of their similarity in appearance. It is undisputed that all of the gun recoil pads produced by Pachmayr were distinctively labeled, packaged, wrapped and marked with the Pachmayr name. At no time did Pachmayr use the words "white line." It therefore cannot be contended that the public was confused concerning the manufacturer. It is clear from the decision of this Court in *Kellogg v. National Biscuit Company* case, *supra,* that the appropriate and correct test in such cases is one of confusion in source of origin or manufacturer and not of confusion in wares.

The conflict between the decision of the Court of Appeals for the Ninth Circuit in this case and other Court of Appeals becomes indelible when this decision is compared with the decision by the Court of Appeals for the Sixth Circuit, in *Westpoint Mfg. Co. v. Detroit Stamping Company* (C. C. A. 6, April, 1955), 222 F. 2d 581. In reviewing the decision in *Kellogg Company v. National Biscuit Company, supra,* and other cases, the court pointed out:

> "Much is said in cases of unfair competition, involving the copying of the goods of a competitor,

about the 'confusion' of the public. In some instances, references to such confusion would seem to imply that if the article copied is identical to the original article, the public, not being able to tell the difference between the two articles, is confused; and that, since the copier is the cause of such confusion he is accordingly guilty of unfair competition. That is not the law. The confusion for which the copier is held responsible, under the law of unfair competition, is not confusion resulting from the inability on the part of the public to distinguish between similar articles, one of which has been copied from the other. It is rather confusion as to origin, not of goods, which controls on the question of unfair competition; and it is only if there is such relationship or analogy between the goods of a complainant and those of a defendant that ordinary retail purchasers are likely to be deceived as to their origin that there is, in law, unfair competition." (P. 589.)

* * * * * * * *

"From an examination of the clamps made by appellant and of those made by appellee showing the different trademarks affixed thereto, and upon an inspection of appellant's advertisements of its clamps clearly disclosing that it was the manufacturer of such clamps, it is clear that no purchaser exercising ordinary care could have been confused as to the source or producer of appellant's clamps.

"Since the trademarks and advertisements clearly disclosed that appellant was the maker of its clamps, no issue of 'secondary meaning' arises in this case so that the question whether appellant copied the nonfunctional features of appellee's clamp is here irrelevant. For copying nonfunctional features, under such circumstances, could not lead the purchaser using ordinary care to believe that the clamps were made by appellee." (Pp. 596-597.)

This case and the *Westpoint* case, both decided within a single month in 1955, present irreconcilable conflicts between the decisions of two courts of appeals on essentially similar facts. In addition, the present decision is contrary to the following cases, all involving issues of unfair competition or trademark infringement, or both, and all involving the right to use a particular color on an article of manufacture:

Life Savers Corp. v. Curtiss Candy Co. (C. C. A. 7), 182 F. 2d 4;

Campbell Soup Co. v. Armour & Co. (C. C. A. 3), 175 F. 2d 795;

James Heddon's Sons v. Millsite Steel & Wire Works (C. C. A. 6), 128 F. 2d 6;

Diamond Match Co. v. Saginaw Match Co. (C. C. A. 6), 142 Fed. 727;

Landis Machinery Co. v. Chaso Tool Co. (C. C. A. 6), 141 F. 2d 800;

Seymour Mfg. Co. v. A & J Mfg. Co. (C. C. A. 2), 20 F. 2d 298;

Parker Pen Co. v. Finstone (D. C. N. Y.), 7 F. 2d 753.

In addition to the conflict between this decision and the decision of other courts of appeals, this decision is contrary to the California State law. This Court has recognized that an unfair competition case is governed by state law.

Pecheur Lozenge Co. v. National Candy Co., Inc., 315 U. S. 666, 62 S. Ct. 853.

An examination of the decision in *Southern California Fish Co. v. White Star Canning Co.*, 45 Cal. App. 426, 187 Pac. 981, will show conclusively that on essentially similar facts the state law is at variance with this decision.

II.

Use of a Basic Symbol Containing a Line or Portion of a Product of One Color Cannot and Should Not Be Monopolized or Entitled to Trademark Protection Merely Because a Manufacturer Chooses to Use a Term Descriptive of That Color as the Name of His Product.

It is of vast importance to manufacturers and retailers and to packagers of goods and commodities to be able to use attractive and appropriate colors on their products, and particularly the basic colors of black and white. At the present time there is vast confusion in the law concerning such use, which confusion is enhanced by the decision of the Court of Appeals in this case.

While the use of the color should and is protected where it is impressed in a definite and arbitrary design it has never been the law nor should it be that the use of a color on a portion of a product or in a straight line can be protected by a composite trademark merely because a name descriptive of that color is also a part of the trademark. *A fortiori* this should not be the case where the color in question is black or white.

Campbell Soup Co. et al. v. Armour & Co. (3 Cir.), 175 F. 2d 795;

Turner & Seymour Mfg. Co. v. A & J Mfg. Co. (2 Cir.), 20 F. 2d 298.

In the *Seymour Mfg.* case, *supra,* the existing confusion in the law concerning the right to use a color which is common to all is amplified wherein certain egg beaters and can openers produced by plaintiff and designated in their composite as "blue whirl" and "blue streak" were allegedly infringed by similar devises produced by defen-

dant designated as "blue tip" and where as a part of such trademark the portion of the handles of each of the devices were enameled in blue, the Court held affirmatively that such use of the color blue will not be protected by injunction so as to afford it a monopoly.

It would appear that the present decision of the Court of Appeals is directly contrary to the decision in the *Seymour Mfg. Co.* case, *supra,* since in the case at bar petitioner Pachmayr did not at any time label his product with the word "white" or "white line." If it is not infringment and if a manufacturer in the exercise of his business is entitled to use a blue color or blue line or blue handle upon a device and to designate the use of the term "Blue" in describing this device without infringing a composite trademark containing the word "blue" and a similar use of the color blue, then it would seem incredible that by merely using the basic color white alone in a line laminated around a gun recoil pad without the use of the word or term similar to the alleged infringed trademark that there is infringement and unfair competition only apparent answer is a very basic confusion in the law and a decided conflict between the Circuits.

Cf.: Diamond Match Co. v. Saginaw Match Co. (6 Cir.), 142 Fed. 727, 729.

The opinion of the Court of Appeals further overlooks the undisputed fact in this case that the only similarity between the alleged trademark of Mershon and the gun recoil pads of Pachmayr occurs in the use of the white line of laminated material in the center of the pads. Pachmayr as heretofore pointed out has never used the words "white line" or any other designation similar thereto but has steadfastly labeled and distinctively marked,

wrapped and packaged his pads designating them with his own name and the name of his company. In other words, Pachmayr at the most has used a mere portion of the alleged composite trademark of Mershon.

In *Beckwith's Estate, Inc. v. Commissioner of Patents,* 252 U. S. 538, 545, 40 S. Ct. 414, 417, 64 L. Ed. 705, this Court stated a guiding principle in the law of trademarks:

> "The commercial impression of a trade mark is derived from it as a whole, not from its elements separated and considered in detail."

Following this principle, numerous Federal decisions have said that a mark consisting of words and a form of design or symbol constitutes a composite mark, that such a composite mark is not infringed by the use of a portion of the mark, and that the owner of the composite trademark cannot dissect and divide the mark and claim infringement where only a portion of the mark is used. This is particularly true, as in this case, where one owning a composite trademark endeavors to claim a monopoly of a color where the other portion of a composite mark is a non-fanciful term descriptive of the color, or of the contents of the package.

Life Savers Corporation v. Curtiss Candy Co. (C. C. A. 7), 182 F. 2d 4;

Allen B. Wrisley Co. v. Iowa Soap Co. (C. C. A. 8), 122 Fed. 796;

Campbell Soup Company v. Armour & Company (C. C. A. 3), 175 F. 2d 795;

James Heddon Son's v. Millsite Steel & Wire Works (C. C. A. 6), 128 F. 2d 6;

Diamond Match Company v. Saginaw Match Co. (C. C. A. 6), 142 Fed. 727;

Seymour Manufacturing Company v. A & J Manufacturing Company (C. C. A. 2), 20 F. 2d 298;

S. R. Feil Company v. John E. Robbins Company (C. C. A. 7), 220 Fed. 650;

Rytex Company v. Ryan (C. C. A. 7), 126 F. 2d 952;

Parker Pen Company v. Finstone (D. C., N. Y.), 7 F. 2d 753;

Gort Girls Frocks, Inc. v. Princess Pat Lingerie, Inc. (S. D. N. Y., 1947), 73 Fed. Supp. 364.

In the present case, the United States Court of Appeals reversed the United States District Judge on the trademark issue because it concluded that he "was firmly impressed with the idea that color cannot be a component of a statutory or common law trade mark or of unfair trade." (Appendix, p. 15.) This is a misinterpretation of the decision of the lower Court, and in principle places the first manufacturer in the field in a position to usurp and monopolize the use of a color. If this decision is correct, does it not follow that any owner of a composite trademark which is composed of a particular color and words descriptive of that color, can monopolize the field as far as the particular color is concerned? Doubtless it is true that when a color is used as a part of a distinctive and arbitrary design, that is, where there are unusual and distinctive characteristics in conjunction with which the color is used, the use of the color may be protected as an incident to the mark as a whole. It does not follow that a continuous line of colored material in a product placed between two contrasting shades of material constitutes a symbol or design which is either

distinctive, arbitrary, or unique.[1] The cases already cited indicate that the use of a color, in the manner involved in this case does not constitute the type of arbitrary and unique symbol or design which is the subject of trademark appropriation.

See also:

Sampson Cordage Works v. Puritan Cordage Works (C. C. A. 6), 211 Fed. 603;

Newcomber & Lewis v. Scriven Co. (C. C. A. 6), 168 Fed. 621;

A. Leshen & Sons Rope Co. v. Macomber & Whyte Rope Co. (C. C. A. 6), 142 Fed. 289;

Burgess Battery Co. v. Marzall (D. C.), 101 Fed. Supp. 812.

By inference the United States Court of Appeals suggested that the Lanham Trade Mark Act (15 U. S. C. A., par. 1114, *et seq.*) by statutory enactment has added some statutory protection to trademarks which did not exist before. This presents an important question of construction of a Federal statute of recent origin and if the Lanham Act has changed the case book law regarding trademarks, particularly trademarks involving the use of a color, this Court should render its interpretation of the law.

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[1]The Ninth Circuit concludes that the words "White Line" and the white line of material are nonfunctional and therefore arbitrary. This is also at variance with the *West Point* case, *supra*, and the decisions cited in Footnote 3, page 597 of that decision. As the Court points out, the range of functionality under varying circumstances includes shape, size, and color, and a feature of goods is functional if it affects their purpose, action, or performance or the facility of handling or using them. Under such a definition, one must conclude that the white line of material is functional since it obviously affects the action, performance, and processing of the product. This is another example of the conflict between Circuit Courts of Appeals which requires definitive clarification if manufacturers are to be authoritatively advised concerning their position and rights.

III.

The Judgment of the California Courts Was Res Judicata as to All Issues Raised in the Federal Case.

As a background on this point, it will be necessary for this Court to review the findings of fact of the District Court found at pages 52 to 57 of the Record. These were amply supported by exhibits introduced at the trial [see also R. 18-23]. It is submitted that the United States Court of Appeals completely disregarded the findings of the District Court in at least three respects and rendered a decision which is contrary to the applicable California law:

(1) In effect it disregarded the findings of fact and conclusions of law of the State Superior Court and treated the case as though all that was decided by the Superior Court was that Pachmayr had not violated the oral agreement and that the agreement barred the suit. (Appendix, p. 6.)

It is summarized briefly the other findings of the Superior Court but treated them as inconsequential for any purpose. It overlooked the established California rule that a judgment based on several grounds or points, each of which was put in issue by the pleadings and expressly decided, is conclusive as *res judicata* or estoppel as to each of such grounds or points, and that the estoppel of a judgment applies to each point so settled in the same degree as though it were the sole issue in the case.

Evans v. Horton, 115 Cal. App. 2d 281, 251 P. 2d 1013.

(2) The Court of Appeals disregarded the District Court's findings on the theory that the federal case was

very different from the state case because the acts performed by Pachmayr were performed at dates later than those in issue in the state case. (Appendix, p. 9.) The evidence is conclusive that although the acts may have been later in point of time, they were no different, in so far as the use of the white line of material, was concerned and the distinguishing characteristics of the Pachmayr pad and package were concerned, than was the case at the time of the state court trial.

The effect of the Court of Appeals decision is to say that although the Superior Court judgment established that Pachmayr had a legal right to manufacture, advertise and sell recoil pads incorporating a white line or layer of material in the pad between two other contrasting colors of material, that decision may be collaterally challenged and the same acts now forbidden at a later date. This destroys the doctrine of *res judicata*, and it is contrary to all California decisions, among which may be cited the following:

Sutphin v. Speik, 15 Cal. 2d 195, 99 P. 2d 652;

Todhunter v. Smith, 219 Cal. 690, 695, 28 P. 2d 916;

Denio v. City of Huntington Beach, 74 Cal. App. 2d 424, 430-432, 140 P. 2d 392.

Fairly recently this court has indicated its approval of the principle here involved.

United States v. Munsingwear, Inc., 340 U. S. 36, 71 S. Ct. 104.

The Court of Appeals for the Ninth Circuit has recognized that the question of *res judicata* is a question of

state law and that the California rule here involved accords with the view held by this court.

Nev-Cal Electric Securities Co. v. Imperial Irrigation Dist. (C. C. A. 9), 85 F. 2d 886;

Larber v. Vista Irrigation Dist. (C. C. A. 9), 127 F. 2d 628, 634.

(3) The United States Court of Appeals has said at one place in its opinion that the state District Court of Appeal passed on no issue except whether or not the oral agreement between Mershon and Pachmayr was violated. (Appendix, p. 6.) At a later point is specifically refused to pass on "the technical question as to whether the state appellate court's affirmation of the judgment upon the one point of waiver, also affirms all other findings of the state trial court." (Appendix, p. 10.) The state law is clear that "a general affirmance of a judgment on appeal makes it *res judicata* to all the issues, claims, or controversies involved in the action and passed upon by the court below, although the appellate court does not consider or decide upon all of them."

Bank of America v. McLaughlin, 40 Cal. App. 2d 620, 71 P. 2d 291;

People v. Skidmore, 27 Cal. 287;

City of Vernon v. City of Los Angeles, 128 A. C. A. 294, 275 P. 2d 72.

See also:

Borges v. Hillman, 29 Cal. App. 144, 149, 154 Pac. 1075;

Southern California Edison Co. v. Railroad Comm., 6 Cal. 2d 737, 747, 59 P. 2d 808;

Geibel v. State Bar, 14 Cal. 2d 144, 148, 93 P. 2d 97.

Pachmayr was and is entitled to the benefit of the state court judgment establishing his right to sell, advertise and manufacture a gun recoil pad with the white line of material involved. The decision of the United States Court of Appeals which failed to give effect to the affirmance of the state Superior Court judgment by the state District Court of Appeal is directly contrary to the state law.

IV.

The United States Court of Appeals in Its Decision Has in Effect Given a Trial De Novo of the Issues of Confusing Similarity and Trademark Infringement.

The United States Court of Appeals throughout its opinion extensively interprets the evidence before the trial court. In fact, the court goes further and purports to read the mind of the District Judge. It takes his statement in the middle of the trial (Appendix, p. 13) and concludes that "the Court never deviated from this viewpoint," notwithstanding the fact that in his Memorandum Opinion and decision and in his Findings of Fact and Judgment the trial court decided directly to the contrary.

The opinion of the United States Court of Appeals contains several references to the evidence, including the testimony of Mr. Clark, previously referred to. The Court lays emphasis upon its conclusions based upon an examination of the competing pads. From the foregoing the United States Court of Appeals concludes that "there is ample evidence in the case to require the finding that there was material confusion . . . and that there was strong likelihood that there would be confusion. . . ."

The United States Court of Appeals has made no attempt to show that the findings are not supported by substantial evidence; it has simply selected bits and portions of the evidence regarded by it as significant, disregarded all evidence favorable to petitioner, and reached its own decision *de novo*.

Quite apart from the injustice to this petitioner, the practice of the Court of Appeals in redetermining *de novo* the fact issue of confusing similarity in trademark cases has certainly encouraged appeals in such cases and often involved the Court of Appeals in inconsistent decisions, depending upon the Judges that may be sitting on the Court at the time of the appeal.

The question of confusing similarity is not a mere matter of comparing marks, as this decision would indicate, it rather concerns many issues such as the effect upon prospective purchasers and the conditions under which they act in selecting competitive products. These are facts which can only be determined by a trial judge who is able to observe the witnesses and weigh the implications of their oral testimony.

The United States Court of Appeals in this case has disregarded the limited review contemplated by Rule 52A and has substituted its own conclusions for the conclusion of the trial court.

As Justice Frankfurter said in considering the scope of Rule 52A, in his dissent in *Johnson v. New York, New Haven & Hartford R. R. Co.*, 344 U. S. 48, 55:

> "Not the least important business of this Court is to guide the lower courts and the Bar in the effective and economical conduct of litigation. That is what is involved in this case. The immediate issue

is the construction of one of the important rules of civil procedure."

It is submitted that by granting a Writ of Certiorari this Court should give further needed emphasis to the scope of Rule 52A as regard to issues of fact.

Conclusion.

It is respectfully submitted that the petition for a writ of certiorari in this case should be granted.

EDWARD HERVEY, and
DONALD W. HAMBLIN,
Attorneys for Petitioner.

APPENDIX I.

In the United States District Court, Southern District of California, Central Division. No. 10431-BH.

Mershon Company, Inc., a corporation, plaintiff, vs. Frank A. Pachmayr, *et al.*, Defendants.

JUDGMENT.

The above entitled cause came on regularly for trial on the 8th day of May, 1951, in Department 6 of the above entitled Court, the Honorable Ben Harrison, Judge Presiding, and the court sitting without a jury, and was tried on each court day thereafter through May 9, 1951;

The plaintiff, Mershon Company, Inc., appearing by its attorneys, Messrs. Snyder & Fletcher and Messrs. Mason & Graham and W. Cloyd Snyder, Collins Mason and William R. Graham; and defendants Frank A. Pachmayr and Frank A. Pachmayr, doing business under the fictitious firm name and style of Pachmayr Gun Works, appearing by their attorneys Edward Hervey and Donald W. Hamblin; and

It appearing that proceedings were had upon the first two causes of action in the first amended complaint and the supplemental complaint herein, and upon the answer of said defendants to said first [66] amended complaint, and evidence oral and documentary upon the issues of law and fact having been offered on behalf of plaintiff and the defendants and received by the Court, and plaintiff in open Court having dismissed the third cause of action in said first amended complaint and all of said

issues in said cause having been submitted for decision, and the Court having heretofore made and caused to be filed herein its written findings of fact and conclusions of law;

Wherefore, by reason of the law and findings of fact aforesaid;

It is ordered, adjudged and decreed that plaintiff take nothing by its complaint and that defendants have judgment for costs and disbursements incurred in said action amounting to the sum of $126.50.

Dated this 19th day of October, 1951.

/s/ BEN HARRISON,
United States District Judge.

Affidavit of Service by Mail attached.

[Endorsed]: Filed October 22, 1951. [67]

APPENDIX II.

[Title of District Court and Cause.]

MEMORANDUM OPINION.

Without going into detail I find in favor of the defendants and against the plaintiff. Each party has fully briefed the questions involved and each fully understands the issues.

For the benefit of counsel, I believe the defense of *res adjudicata* under California law is good. Not only do I think this affirmative defense is good but also believe the Superior Court was correct in its findings of fact on the issue of unfair competition.

I also find that a white line or lamination interposed in a gun recoil pad under the facts of this case is not the subject of a valid trade mark.

Counsel for defendants is directed to submit within ten days proposed findings and judgment.

Dated: This 12th day of September, 1951.

/s/ BEN HARRISON,
Judge. [54]

[Endorsed]: Filed September 12, 1951.

APPENDIX III.

United States Court of Appeals for the Ninth Circuit.

Mershon Company, Appellant, vs. Frank A. Pachmayr, and Frank A. Pachmayr, doing business under the fictitious firm name and style of Pachmayr Gun Works, Appellees. No. 13,334. Mar. 14, 1955.

Appeal from the United States District Court, Southern District of California, Central Division.

Before: Stephens and Chambers, Circuit Judges, and McLaughlin, District Judge.

Stephens, Circuit Judge.

Mershon Company, Inc., failed in its action for a judgment in the United States District Court against defendant Frank A. Pachmayr, individually, and as Frank A. Pachmayr, d.b.a. Pachmayr Gun Works, in which trade mark infringement and unfair competition by the defendant was claimed, and Mershon appealed. Herein we shall refer to Mershon as appellant or sometimes as Mershon, and to Pachmayr as appellee or sometimes as Pachmayr.

Since there is a judgment of the United States District Court and also a judgment of the Superior Court of California to be considered herein, we shall refer to the former as the federal judgment or court, and to the latter as the state judgment or court. The same distinction will be made as to the federal and state courts of appeal.

Appellant company owns what it claims to be a valid United States registered trade-mark for small arms shoulder recoil pads. The claimed trade-mark consists of the words "White Line" which words are imprinted on the shoulder contact base of the pad together with a

claimed symbol formed by a white line encircling the recoil pad at or near the gun stock to which it is attached.

The pad, manufactured by Mershon, is made up of leather-like or composition layers between which is a layer of treated rubber about an inch thick. The rubber layer is molded with open spaces which accommodate the gun recoil by the rubber flattening into the open spaces. The layer next to the gun stop is made of dark, hard material, and the next layer is white leather or leather-like composition and is approximately one-fourth or one-eighth of an inch thick. The edge of the white layer forms the white line. The words, "White Line" are imprinted on the pad's surface which fits the shoulder as the gun is used. The pad with the mark has been and is extensively advertised and depicted as the "White Line" pad and it is a successful article of merchandise.

As this appeal reaches us, the facts which are undisputed are: Frank A. Packmayr and L. E. Mershon were sometime associated in the gun accessory business They manufactured and sold a recoil pad, as above described, to the trade, and they owned a United States registered trademark related to the pad which consisted of the symbol as above described. There came a time in 1936 when, by mutual consent, Pachmayr withdrew from the business, leaving Mershon or the Mershon Company owner of and continuing in the business and possessed of a valid agreement by which Pachmayr agreed not to compete in business with Merchon for thirty months. The agreement was lived up to, but after expiration of the given time, Pachmayr resumed business as Mershon's competitor and made and sold recoil pads without the white line feature or symbol. However, sometime in 1945, Pahmayr's pad appeared on the market with the white line exactly as

it had been used during the period in which Pachmayr and Mershon were together. The words, "White Line," however, were not placed on the pad but Pachmayr's name as manufacturer was impressed upon it.

Early in 1946 Mershon took note of the situation and complained about it with the result that Pachmayr orally agreed to refrain from further use of the white line and Mershon agreed not to sue for its past use. Accordingly, Pachmayr stopped use of the line, but some advertising in publications continued depicting Pachmayr's pad with the white line prominently displayed. Deeming the agreement above mentioned violated, Mershon sued Pachmayr in the California State Superior Court. The findings of fact and conclusions of law, and the judgment of the state court are here in evidence but the pleadings are not.

The state trial court found that Pachmayr had not violated the oral agreement and that the agreement barred the suit. And the court further found that Pachmayr at all times had acted in good faith, and that at no time did he attempt to capitalize on the good will and reputation of appellant company or attempt to pass off his pads as those of Mershon's and ordered judgment for Pachmayr. Mershon Company appealed to the California District Court of Appeal, and the judgment was affirmed. Mershon Company, Inc. v. Pachmayr, 1948, 88 Cal. App. 2d 901, 199 P. 2d 687.

The state court of appeal was of the opinion that the state trial court was right in finding that Pachmayr had not violated the Pachmayr-Mershon oral agreement, and that the agreement barred the suit. It specifically refrained from passing on any other issue, deeming all

others immaterial in the circumstances, citing Rosenfield v. Vosper, 86 Cal. App. 2d 687, 692, 195 P. 2d 503; Mershon v. Pachmayr, 1948, 88 Cal. App. 2d 901, 199 P. 2d 687.

Having won the action which had been brought against him in the state courts, Pachmayr appears to have considered his right to the use of the white line established, and he resumed its use, but without the use of the words, "White Line."

Mershon then brought the instant federal action, alleging infringement of the trade-mark and unfair competition. A third cause was alleged and dismissed. Upon trial, the federal court found, in effect, the white layer of material, which formed the distinguishing white line, not to be the subject of a valid trade-mark; that Pachmayr's actions did not constitute unfair competition; and that the State Superior Court judgment is final and conclusive between the parties, and acts to bar the federal court action, under the doctrine of *res judicata.*

While the use of either a common law or a statutory trade-mark may constitute unfair competition or unfair trade, there are many other ways in which commercial unfairness may be committed. Then, too, the use of any certain method of selling an article may be perfectly fair in itself, but illegal when it is practiced with the intent to deceptively pass off goods of one for goods for another. We mention these fundamental principles merely to point up the inherent relationship between trade-marks and unfair trade. So important to the commercial world are marks which indicate the source of an article in trade that the common law has long afforded protection to

them, and latterly statutory law has been enacted for that purpose.[1] Title 15, U. S. C. A., §1114(1) *et seq.*

In our case, the margin of apparent difference between gun recoil pads is quite limited. Made simply to perform their function, gun pads look much alike and, to build a trade in them by a manufacturer who markets them throughout the United States, a mark of difference would be a material aid. Pachmayr and Mershon, when together, recognized the point and adopted a "mark" of striking prominence which had not the slightest function as a recoil absorber, but which would give their product a distinction. They then sought trade through expensive efforts to identify their product. Evidently, all concerned believed it was a useful mark. Pachmayr, though doing without it for a time, readopted its use and sought to reap the trade it fostered. The mark therefore and the trade with it was and is of importance to the contending parties.

In the instant federal case, the court, believing the circumstances of the state case to be parallel with those of the federal case it was hearing, stated his views in a memorandum opinion:

> "* * * I believe the defense of *res judicata* under California law is good. * * * [B] ut also believe

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[1]The commentary on the Lanham Trade-Mark Act, beginning at p. 265 of Title 15 U. S. C. A. (1948 ed.) following §1024, may be read with profit, and we quote from page 285:

"The Inter-American Convention declares the following acts to be unjust and prohibited:

"1. * * * ;

"2. Acts calculated directly or indirectly to represent that the goods or business of one person are the goods or business of another, whether by the appropriation or simulation of trademarks, symbols, distinctive names, the imitation of labels, wrappers, containers, commercial names, or other means of identification;

"3. * * *."

> the Superior Court was correct in its findings of fact on the issue of unfair competition. I also find that a white line or lamination interposed in a gun recoil pad under the facts of this case is not the subject of a valid trade-mark."

Findings of fact and conclusions of law in accord with the memorandum were signed by the judge. The findings also were that it is not true that the parties to the action were the only ones to use the white line on a recoil pad. That the pads sold and advertised by Mershon had not become universally known as "White Line recoil pads." That Pachmayr had not acted in bad faith, that Mershon is estopped from litigating any facts found to be true by the Superior Court in the state action referred to in his opinion.

The great difficulty found in these findings is that the instant federal case is very different from the state case. The acts complained of in the federal case are acts performed at dates later than those in issue in the state case. The decision of the state case is based upon the Mershon-Pachmayr "not to sue, not to continue use of mark" agreement. The state court found:

> "* * * [T]hat pursuant to said verbal agreement defendant [Pachmayr] within a reasonable time, and prior to the commencement of this [state] action, ceased the manufacture of a recoil pad using a white line therein and that defendant [Pachmayr] has not since, nor is he now, manufacturing a recoil pad with a white line." (Vol. II, R., p. 243, XI.)

The facts in the federal case plainly indicate that after the affirmance of the state court judgment by the state appellate court, Pachmayr proceeded to manufacture and

market the pad with the white line symbol and the pleadings in the federal case show that case to be based upon the past and present continuing use of the symbol by Pachmayr.

With the foregoing analysis, it seems clear that the two cases were not parallel with each other. The state trial court found that Pachmayr had not violated his oral agreement not to use the symbol and that Mershon's agreement to waive suit for its past use was binding upon him. The state appellate court affirmed upon the waiver. In fact, it appears that from all of the facts found in the state case that Pachmayr's hold-over advertisement in the magazine. "Field and Stream" which showed the white line on a pad, was not a violation of the agreement not to use the white line and did not constitute unfair trade. If there was evidence of any substantial manufacture and sale of the pad with the white line we are not informed of it, and the state court's findings do not indicate that there was any extensive trade therein, for we find the court saying (as quoted above) "* * * that pursuant to said verbal agreement defendant within a reasonable time, and prior to the commencement of this action, ceased the manufacture of a recoil pad using a white line therein and that defendant has not since, nor is he now, manufacturing a recoil pad with a white line."

The adjudication in the state court of these facts show the case in which they were found to be so vastly different from the issues of the instant federal case that no phase of *res judicata* or of estoppel by judgment can be maintained. The technical question as to whether the state appellate court's affirmation of the judgment upon the one point of waiver, also affirms all other findings of the state trial court, need not be considered.

The words "White Line" (as they are used, with the layer of white material constituting a white line around the pad) have no possible functional value and serve no purpose as descriptive of the article or its use. The symbol thus created acts as an arbitrary mark or sign of its owner's product in the same manner that the trade name or mark "Sunbeam" serves its user, as particularly set out in our "Sunbeam" cases, together with supporting authority. (See Sunbeam Lighting Co. v. Sunbeam Corp., 9 Cir., 1950, 183 F. 2d 969, certiorari denied 340 U. S. 920; Sunbeam Furniture Corp. v. Sunbeam Corp., 9 Cir., 1951, 191 F. 2d 141.) Therein we held that trade names made up of recognized words in use are protected narrowly. That is, the word "Sunbeam" by trade-mark statute or by the laws of unfair trade, cannot be monopolized by anybody. If, however, as was the case in the Sunbeam cases, the trade word is not descriptive of the article in trade it will be protected in its application to the article or to the general nature of the article. The principle is applicable to the instant case. A symbol, though comprised of common words, used upon a gun pad but which is not descriptive of a gun pad, may be protected as a statutory mark and as well as against the broader conception of unfair trade. The protection, however, would not go to the extent of preventing the use of the same symbol upon a product of an entirely different nature.

Pachmayr argues that the symbol is non-effective because a color is involved. We do not read the cases as excluding color from being an element in a trade name or mark. We do not hold that color alone can be protected as a mark, but certainly color can be an element of a mark,

> "* * * if it be impressed in a particular design, as a circle, square, triangle, a cross or a star,"

quoting from Leschen & Sons Rope Co. v. Broderick, 1906, 201 U. S. 166, 171. The California District Court of Appeal, in So. Calif. Fish Co. v. White Star Canning Co., 1920, 45 Cal. App. 426, 431, is to the same effect. We quote:

> "It is true that sometimes a color, taken in connection with characteristics, may serve to distinguish one's goods, and thus be protected by the courts. (Fairbanks Co. v. Bell Mfg. Co., 77 Fed. 869 [23 C. C. A. 554]—a case where, however, there was proof of specific instances of deception.)"

A trade-mark is very different from a patent as to the law's protection, but the protection the law affords to the former is often confused with that of the latter. The patent protects the discoverer in the use, including sale of the article invented, as to which he is granted a governmental monopoly. The trade-mark is only protected *where* and *when*, and in the facts of each case, there is actual or likely confusion as to the source of the article in commerce. In our case the field of protection sought and the time it is required is definite. The evidence is conclusive in our case that the pads were in competition in the field alleged. Pachmayr himself had, in connection with Mershon, adopted and used the symbol as a mark. He had knowledge that his resumption of its use was objected to by Mershon. It could not reasonably be held that Pachmayr did not readopt it because he believed, and probably upon very convincing evidence, that the Mershon pad publicized by the white line was a favored article. See International News Service v. Associated

Press, 248 U. S. 215, and Nims, Unfair Competition and Trade Marks, p. 1214, Sec. 381. That Pachmayr's pad could be easily substituted for Mershon's is well illustrated by the federal trial judge's remarks in the course of trial:

> "The Court: Go ahead, but I am going to say right now you can look at these two pads, and anybody who was looking for a white line as a distinguishing mark would not be able to tell them apart. These two articles would be confusing. You can look at them and determine that. You can put on all the evidence to the contrary that you want, but the two articles speak louder than any witness has spoken here, so far as I am concerned." [R. p. 194.]

The court never deviated from this viewpoint, and the evidence is susceptible of no different conclusion. There is ample evidence in the case to require the finding that there was material confusion just as the court said there would be, and that there was strong likelihood that there would be confusion, although actual confusion is not essential in the proof of infringing a trade-mark.[2] We

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[2]As to likelihood of confusion by the similarity of the pads, a Mr. Clark, who conducts a gun shop, while on the stand in the federal case as a witness for Pachmayr, was questioned by the court as follows: [R. p. 221]

"The Court: You are accustomed to handling these [pads].

"Witness: That is right.

"The Court: So you would know them by a glance, but suppose you were like myself, not a sportsman, and going hunting for a pad, and you showed me the two, would I readily distinguish the difference by looking at them? * * * You would have to look at the name of the manufacturer and the way they are constructed, and that would be a matter of familiarity with recoil pads, would it not?

"The Witness: I guess you are right."

cite authority in the margin as to several applicable and relevant principles.[8]

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[8]"* * * A manufacturer who puts in the hands of his immediate vendee the means of deceiving the consumer, is chargeable with unfair competition. The possibility that the retailer may not be honest in such matters must be taken into account by the manufacturer in selecting his brands." Nims, Unfair Competition and Trade Marks, p. 1214, Sec. 381.

One does not have to make a copy of another's entire trade-mark in order to infringe it, if what he does copy is enough to cause confusion. Sazlehner v. Eisner, 179 U. S. 19. This is particularly true where the trade-mark consists of both words and a symbol having the same meaning. For instance, see the following cases:

Hutchinson v. Blumberg, 51 Fed. 829, 831. The plaintiff's trademark consisted of the word "Star" accompanied by a star-shaped symbol.

United Electric Co. v. Replogle, 289 Fed. 626. A red band around the base as a trade-mark was held confusingly similar to a trade-mark consisting of the words "Red Wing" accompanied by a red ring-like symbol.

Gordon Dry Gin Co. v. Eddy & Fisher Co., 246 Fed. 954, 955. The plaintiff's trade-mark comprised the words "Boar's head" accompanied by a picture of a boar's head. The defendant's mark was merely a picture of a boar's head. Held infringement.

Aktiengesellschaft Fur F., etc. v. Kny-Scheerer Corp., 80 F. 2d 266. The plaintiff's trade-mark was a picture of a serpent entwined on a staff and a crown (commonly known as the physician's symbol, named "Aesculap"). Defendant did not use any symbol, but used as his trade-mark the word "Aesculap." Held confusingly similar to plaintiff's mark.

Bradstone Rubber Co. v. Coe, 34 Fed. Supp. 926. A trade-mark consisting of a green circular line symbol displayed on rubber heels, was held to be confusingly similar to a mark consisting of a red circular line symbol for the same goods.

Derby Oil Co. v. White Star Refining Co., 69 F. 2d 984. A trade-mark consisting of the words "White Star" was held to be confusingly similar to a trade-mark consisting of a symbol showing a picture of a white star.

Kushner & Gillman v. Mayflower Worsted Co., 11 F. 2d 462. A trade-mark consisting of the word "Mayflower" was held infringed by a trade-mark consisting of a picture of the ship "Mayflower."

For partial copy of a trade-mark, see Saalfield Pub. Co. v. G. & C. Merriam Co., 238 Fed. 1.

See, also Title 15 U. S. C. A. §1114(1), the trade-mark statute.

Having reviewed the whole record including inspection of exhibits and a study of the court's findings of fact and conclusions of law, we are convinced that the United States District Judge was firmly impressed with the idea that color cannot be a component of a statutory or common law trade-mark or of unfair trade. And we are convinced that such idea led to the erroneous conclusion that the symbol constituting the trade-mark is not a valid trade-mark. The essential elements of infringement of a legal trade-mark and of unfair trade on the part of appellee Pachmayr were well proved, therefore, the judgment must be reversed.

Reversed and remanded with instructions to the district court to proceed in accordance with this opinion.

Reversed and remanded.

(Endorsed:) Opinion. Filed Mar. 14, 1955.

PAUL P. O'BRIEN,
Clerk.

APPENDIX IV.

United States Court of Appeals for the Ninth Circuit.

Mershon Company, Inc., Appellant vs. Frank A. Pachmayr, and Frank A. Pachmayr, doing business under the fictitious firm name and style of Pachmayr Gun Works, Appellees. No. 13334.

JUDGMENT.

Appeal from the United States District Court for the Southern District of California, Central Division.

This cause came on to be heard on the Transcript of the Record from the United States District Court for the Southern District of California, Central Division, and was duly submitted.

On consideration whereof, It is now here ordered and adjudged by this Court, that the Judgment of the said District Court in this cause be, and hereby is reversed, with costs in favor of the Appellant, and against the Appellees, and that this cause be, and hereby is remanded to the said District Court with instructions to proceed in accordance with the opinion of this Court.

It is further ordered and adjudged by this Court, that the Appellant recover against the Appellees for its costs herein expended and have execution therefor.

(Endorsed): Judgment. Filed and entered March 14, 1955. Paul P. O'Brien, Clerk.

APPENDIX V.

United States Court of Appeals for the Ninth Circuit.

ORDER DENYING PETITION FOR REHEARING.

On consideration thereof, and by direction of the Court, IT IS ORDERED that the petition of Appellees, filed April 13, 1955, and within time allowed therefor by rule of Court for a rehearing of the above cause be, and hereby is denied.